



NORFOLK

Inter Departmental Memorandum

TO: Norfolk City Council

FROM: Bryan Pennington, Director of Intergovernmental Relations

COPIES TO: Constitutional Officers, Council Appointees, and Senior Executive Staff

SUBJECT: 2014 General Assembly Activity Report # 6, week ending 2/21/14

DATE: February 21, 2014

[Norfolk's 2014 Legislative Priorities](#), adopted by Council Resolution, requests the 2014 General Assembly to consider: 3 Budget Amendment Requests; 3 Legislative Requests; and 10 Legislative Priorities. This memo is intended to be an update to last week's GA Activity Report # 5, week ending 2/14/14.

GA Activity Report # 6 has been organized to provide brief updates on the city's legislative requests and priorities and for the purpose of identifying other relevant legislative bills/amendments of interest or concern to the Administration.

Norfolk's 2014 Legislative Requests Update:

1. **Request for the General Assembly to establish a 2 year joint subcommittee to formulate statewide recommendation for addressing recurrent flooding.** [SJ 3 \(Locke\)](#) / [SJ 34 \(McWaters\)](#) / [HJ 16 \(Stolle\)](#):

SJ 34 (McWaters) was incorporated into SJ 3 (Locke) and passed the Senate on 1/22 (38-0). SJ 3 (Locke) unanimously passed House Rules Subcommittee on Studies on 2/19 and is now being considered by the full House Rules Committee. Staff has no concerns w/ SJ 3 (Locke) passing at this time.

HJ 16 (Stolle) passed the House on 2/5 unanimously (92-0) and has been referred to the Senate Rules Committee. Staff has no concerns with HJ 16 passing at this time.

2. **Norfolk City Charter changes re: statutorily required public meetings and the creation of a deputy chief of police position.** [SB 198 \(Alexander\)](#) / [HB 399 \(A. Howell\)](#):

Norfolk has combined two City Charter amendment requests into one legislative bill. The Council has requested to change Norfolk's Charter so that the Council is only statutorily required to meet once per month, like most Virginia local governments. If passed, Council will still retain the authority to decide for itself the frequency of meetings over and above once per month. The second City Charter amendment seeks to authorize the creation of a new Deputy Chief of Police position.

SB 198 (Alexander) unanimously passed the Senate on 2/3 and unanimously passed the House Cities, Counties, and Towns Committee on 2/21. Staff has no concerns w/ SB 198 passing.

HB 399 (A. Howell) unanimously passed the House on 1/22 and unanimously passed the Senate Local Government Committee on 2/18. HB 399 is now being considered by the full Senate. Staff has no concerns w/ HB 399 passing.

3. **Request to increase Norfolk School Board Member Term from 2 years to 3 years.** [SB 90 \(Alexander\)](#) / [HB 401 \(A. Howell\)](#):

Norfolk has requested that the General Assembly increase the Norfolk School Board member term from 2 years to 3 years. SB 90 (Alexander) unanimously passed the Senate on 1/14 and unanimously passed the House on 2/14. The bill has officially passed the General Assembly and will soon be sent to the Governor for his review and hopeful approval.

HB 401 unanimously passed the full Senate on 2/12 and was approved by the Governor on 2/20. With the Governor's approval of HB 401, the term for Council's school board member appointments will lawfully increase from a 2 year appointment to a 3 year appointment term effective July 1, 2014. Initial school board member terms will be staggered so that the terms of four members expire in odd-numbered years and the terms of three members expire in even-number years.

First review of the House, Senate budget proposals

The House Appropriations and Senate Finance Committees released their versions of the budget for the remainder of the current fiscal year (HB 29/SB 29) and for the upcoming biennium (HB 30/SB 30) on Sunday afternoon. Here is a high-level snapshot of some of the most important local government issues addressed in the budget amendments. A complete list of State Budget amendments can be found at these links: [HB 29](#) / [SB 29](#) and [HB 30](#) / [SB30](#). (<http://leg2.state.va.us/MoneyWeb.NSF/Bud2014>)

Budget Items of interest to local governments:

Jail per diems. The introduced budget did not provide the state share of funding for inmates in local and regional jails by \$4.8 million. The Senate supplies the \$4.8 million; there is no evidence of this in the House budget.

State assistance to local law enforcement (HB 599). The introduced budget increased funding to the program by \$7.1 million in FY15 and by \$14.24 in FY16. The Senate retains the amounts from the introduced budget. The House, however, keeps the program funded at the current level in both years. Both bodies put a "hold-harmless" on the funding levels so that amounts distributed to localities each year will be at least equal to the amount distributed in FY14.

Fines & fees. The introduced budget continued the language from the 2012 Appropriations Act that swept all fines and fees directly into the state's general fund and then kept one-half of the amounts of local fines and fees that were in excess of 50 percent of total collections. Based on an Inspector General report in 2013, the Senate has amended the threshold from 50 to 65 percent; restricted consideration of revenues to fines and forfeitures (excluding fees), and simplifies the process for reverting funds. The House does not address this situation.

Direct Aid to Public Education – Non-personal support costs. The introduced budget did not provide state funding for non-personal support costs (utilities, insurance, etc.) by \$38 million a year. The House budget does not restore the funding; Senate budget restores \$28.7 million in FY15 and \$30 million in FY16.

Direct Aid to Public Education – Cost-of-competing. The introduced budget did not include cost-of-competing adjustments for support personnel in Northern Virginia (cost of \$32.4 million a year). The House restores \$5.4 million in FY15 and specifies no local match is required. The Senate restores \$5 million in FY15.

Direct Aid to Public Education – Unfunded liability of teacher retirement plan. It does not appear that either the House or the Senate included language that would result in the state sharing a portion of the unfunded liability for the teacher retirement plan.

Opportunity Educational Institution. The introduced budget included \$600,000 for the OEI; the House reduces that amount to \$150,000 and the Senate eliminates the entire amount.

Compensation Board – Non-supplanting language. The introduced budget included state funding for salary increases for selected Compensation Board positions and included language that said localities could use Comp Board funding to supplant local funds. The House and Senate both eliminate the non-supplanting language, which had the effect of negatively impacting cities and counties that have supplemented salaries for Comp Board positions.

Compensation and benefits. The introduced budget included state funding for salary increases for selected Compensation Board positions (entry level sheriff's deputy and entry level court clerk positions). The House makes the salary increases for these positions contingent on funding and delays the increases to January 2015; other state employees and state-supported local employees would be eligible for a one-time 2 percent bonus effective July 2015, contingent on revenue collections. The Senate includes contingency funding for a 1 percent salary increase effective December 2014 for state employees and state-supported local employees. This would be in addition to the targeted increases for Comp Board and some state employee positions included in the introduced budget. The Senate also includes a bonus for state employees only effective in December of 2015.

Primary road reconstruction. Legislation adopted by the 2012 General Assembly session set up a new road construction formula, effectively barring reconstruction projects of primary roads in cities and towns. The House approved a budget amendment to make city and town projects eligible for CTB funding. There was no amendment in the Senate budget.

Stormwater Local Assistance Fund (SLAF). The introduced budget allocates \$20 million in Virginia Public Building Authority bond funding to pay for grants to be provided through the Stormwater Local Assistance Fund in FY16. Both budgets move the bond authorization up to FY15. The bond authorization in the House budget adds \$18 million for a total of \$38 million; the Senate keeps the authorization at \$20 million.

Virginia Preschool Initiative- FY15-16 Allocation Formula Change that Eliminates Used Slots. Two years ago, the state budget included a change to the Virginia Preschool Initiative (VPI) formula calculation that would reduce the total number of VPI slots allocated so that the allocation is based on kindergarten enrollment, rather than population estimates. For the last two years, localities that would have lost VPI slots under this

change to the formula were “held harmless” and continued to receive the same number of slots that they had used for at-risk 4 year old students since FY12.

The FY 15-16 budget eliminates the hold harmless provision effectively cutting 892 VPI that were filled by at-risk 4 year olds this school year in 31 communities in FY14 and reapportions slots to other communities that may not use all of their VPI slots. This arbitrary formula change from two years ago does not account for actual VPI use which will penalize communities using their full VPI allocation and could result in cutting VPI classrooms and jobs.

These 13 communities will lose a VPI classroom or more under the new formula allocation.

	FY14 VPI Actual Used VPI Slots	FY15 Proposed VPI Slots	Difference Btw Used & Proposed Slots
Arlington	537	486	-51
Bedford Co	139	93	-46
Charles City	27	7	-20
Lynchburg	323	261	-62
Montgomery	180	159	-21
Newport News	1157	1090	-67
Norfolk	1827	1576	-251
Petersburg	196	174	-22
Portsmouth	619	522	-97
Prince Edward	118	90	-28
Pulaski	87	69	-18
Scott	53	25	-28
Suffolk	402	347	-55
	5665	4899	-766

The estimated cost to continue to fund these currently used VPI slots is \$2.1 million. That could be absorbed in the \$3.5 million proposed increase for VPI as long as there is enough funding for the hold harmless and for other localities that plan to expand services and serve more VPI students next year.

Local governments and Public Schools are working in partnership to advance budget language that extends the hold harmless provision for one more year, to FY15.

UPDATE: The Senate has fully funded the VPI hold harmless in their state budget; the House did not. This means the VPI hold harmless funding request will now go to the General Assembly Budget Conference Committee. Local governments have redoubled their collective efforts to encourage the Senate to insist upon the VPI hold harmless funding provision. This priority request has been well-received and supported by majority of Senate members.

Relevant New Articles on Medicaid Expansion

The House on Thursday (2/20) rejected a Senate-approved option to extend Medicaid. At this point, there does not appear to be a clear path for resolving differences between the House and Senate. Below are highlighted press articles recently posted:

[VIRGINIA HOUSE, SENATE BUDGET VOTES SET UP FIGHT ON MEDICAID](#)

By MICHAEL SLUSS Roanoke Times

[VIRGINIA MEDICAID DISPUTE IS A SHUTDOWN IN THE WORKS](#)

By BILL SIZEMORE AND JULIAN WALKER Virginian-Pilot

[HOUSE, SENATE SET UP MEDICAID SHOWDOWN](#)

By MICHAEL MARTZ, OLYMPIA MEOLA AND JIM NOLAN Richmond Times-Dispatch (Metered Pay Wall)

[VIRGINIA HOUSE, SENATE STEP CLOSER TO MEDICAID STANDOFF](#)

By TRAVIS FAIN Daily Press

[HOUSE AND SENATE IN VIRGINIA AT LOGGERHEADS OVER MEDICAID EXPANSION](#)

By MICHAEL LARIS AND LAURA VOZZELLA Washington Post

During the General Assembly session, please feel free to contact Bryan Pennington for any questions or concerns at bryan.pennington@norfolk.gov or by cell phone at **757-274-7120**.

2014 General Assembly Session Statistics as of 2/21/14 at 9 a.m

Type	<u>Introduced</u>	<u>Passed House</u>	<u>Passed Senate</u>	<u>Passed</u>	<u>Cont'd to next session</u>	<u>Failed</u>	<u>Pending</u>	<u>Approved</u>	<u>Vetoed</u>
H.B.	1273	571	210	180	118	602	373	12	0
H.J.R.	349	242	216	216	6	56	71	0	0
H.R.	124	94	0	47	0	17	60	0	0
S.B.	672	52	412	50	63	199	360	1	0
S.J.R.	156	79	123	79	20	7	50	0	0
S.R.	41	0	29	29	0	1	11	0	0
Totals	2615	1038	990	601	207	882	925	13	0

2014 General Assembly Legislative Calendar

Date	Events and activities for the 2014 Session
February 26 th	Last day for each house to act on budget of the other house
March 3 rd	Last day for committee action on legislation
March 8 th	General Assembly scheduled to adjourn (Sine Die)
April 23 rd	Reconvened (veto) session

Norfolk Senators	Richmond Office #	Norfolk Delegates	Richmond Office #
Senator K. Alexander	804-698-7505	Delegate Hester	804-698-1089
Senator F. Wagner	804-698-7507	Delegate A. Howell	804-698-1090
Senator L. Lewis	804-698-7506	Delegate James	804-698-1080
		Delegate Joannou	804-698-1079
		Delegate L. Lewis	804-698-1000
		Delegate Stolle	804-698-1083

You can watch the Virginia House of Delegates live on the floor at this link:

http://virginia-house.granicus.com/ViewPublisher.php?view_id=3

You can view the Virginia Senate Chamber live on the floor at this link:

http://virginia-senate.granicus.com/ViewPublisher.php?view_id=3